



**Date:** April 5, 2016

**To:** Thomas Bonfield, City Manager  
**Through:** W. Bowman Ferguson, Deputy City Manager  
**From:** Donald M. Long, Director Solid Waste Management  
**Subject:** Contract to Transport, Process, and Recycle Scrap Metal Materials

### **Executive Summary**

This contract will allow for the continued collection, processing and recycling of scrap metal materials at the City's Convenience Center.

The City entered into a contract with Atlantic Scrap and Processing, LLC on January 31<sup>st</sup>, 2007, for a maximum term of nine (9) years. Atlantic Scrap and Processing, LLC subsequently became OmniSource Southeast, LLC ("OmniSource"). The City has negotiated a lower trip haul charge fee, and a slight increase in revenue to the City received for its scrap metal, as part of the contract presented here. OmniSource is a qualified service provider that can collect, transport, process, and recycle scrap metal materials.

### **Recommendation**

The Administration recommends that City Council authorize the City Manager to execute a contract between the City of Durham and OmniSource for the purpose of collecting, transporting, processing and recycling scrap metal materials collected at the City of Durham's Convenience Center. The initial term of the Contract is three (3) years with an option to renew for two (2) additional one (1)-year periods, for a total possible contract period of five (5) years.

### **Background**

The City of Durham accepts scrap metal materials at the City's Convenience Center on East Club Boulevard. On June 1, 2011, Amendment # 2 of the current contract, stipulated that *"unless sooner terminated or extended, the term of the Amended Contract shall be month-to-month...for as many as two additional one-year month-to-month terms..."* The City has been operating on that clause of the Amendment, while negotiating terms for the new contract presented here. The contract presented here includes a reduced trip charge for pickup of materials from \$200 per trip to \$160 per trip, and a slight increase in the per ton reimbursement rate received by the City.

### **Issues/Analysis**

There are no specific issues at this time.

### **Alternatives**

One alternative is to issue another RFP and start the search process again. There is, however, no guarantee that different service providers would respond. The potential also

exists that new bid could come in with a higher haul trip charge and lower revenues than the current negotiated terms agreed upon by OmniSource.

**Financial Impact**

The City will be charged by the vendor for all haul trip charges. Under the past contract, the vendor charged the City \$200 per haul trip. City staff negotiated a lower per haul trip charge of \$160. Trip charges are subtracted from generated revenues from the processed scrap metal calculated on the formula as listed in the new contract. All revenues received by the City are based on market conditions. The City received net revenue from OmniSource of approximately \$60,000 during FY 15, and has received more than \$36,000 in net revenue during the first three quarters of FY16.

The new contract is written to ensure that the City will not pay haul costs even in the event that revenue from the collected scrap metal was not sufficient to cover hauling costs.

The new contract will not require that budget funds be allocated, as it is anticipated that the agreement will result in revenue being generated for the City and will, in no instance, result in the City making payment to OmniSource.

**SDBE Summary**

Not applicable

**Attachments**

Contract between the City of Durham and OmniSource Southeast, LLC.